

Capital Meters Holdings Limited
Company Number 04800336

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2021



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The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Capital Meters Holdings Limited

2021 Strategic Report, Directors' Report and Financial Statements

Contents

	Page
Strategic Report	2
Directors' Report	5
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	
Note 1. Company information	13
Note 2. Basis of preparation	13
Note 3. Significant accounting policies	14
Note 4. Profit before taxation	18
Note 5. Tax on profit	18
Note 6. Investments in subsidiaries	19
Note 7. Debtors	19
Note 8. Creditors: amounts falling due within one year	19
Note 9. Called up share capital	19
Note 10. Profit and loss account	20
Note 11. Dividends paid	20
Note 12. Capital management strategy	20
Note 13. Related party information	20
Note 14. Directors' remuneration	20
Note 15. Contingent liabilities and commitments	20
Note 16. Ultimate parent undertaking	21
Note 17. Events after the reporting date	21
Independent auditors' report	22

Capital Meters Holdings Limited

Strategic Report for the financial year ended 31 March 2021

In accordance with a resolution of the directors (the "Directors") of Capital Meters Holdings Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities

The principal activity of the Company during the financial year ended 31 March 2021 ("current financial year") was to act as a holding company.

Review of operations

The profit for the financial year ended 31 March 2021 was £5,207,000, compared to the profit of £12,158,000 in the previous year.

Profit before interest and taxation for the financial year ended 31 March 2021 was £4,958,000, compared to £11,963,000 in the previous year.

As at 31 March 2021, the Company had net assets of £2,780,000 (2020: £3,370,000).

There has been no change to the approach of managing capital during the year ended 31 March 2021 by the Company in comparison to the prior financial year. At all times during the year ended 31 March 2021 the Company was in compliance with both internally and externally imposed capital requirements to which it is subject to. As such, there was no consequence of non-compliance imposed upon the Company.

Principal risks and uncertainties

The Company is responsible for its own risk acceptance decisions. From the perspective of the Company, the principal risks are credit risk and liquidity risk. The material risks of the Company are monitored by the relevant division of the Risk Management Group ("RMG") of the Macquarie Group. There are currently no plans to substantially change the nature of the business going forward.

The range of factors that may influence the Company's short-term outlook include:

- the duration of Novel Coronavirus ("COVID-19"), speed of the global economic recovery and extent of government support for economies
- market conditions including significant volatility events and the impact of geopolitical events
- potential tax or regulatory changes and tax uncertainties.

The Directors have considered the impact of COVID-19 and the withdrawal of the United Kingdom ("UK") from the European Union ("EU") (known as "Brexit") and have concluded that these are not expected to have a significant impact on the operations of the Company.

The Company is not subject to any other material risks or uncertainties, over and above those stated.

Financial Risk Management

Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, operational risk and exposure to the performance of its subsidiary. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

Capital Meters Holdings Limited

Strategic Report (continued) for the financial year ended 31 March 2021

Financial Risk management (continued)

As an indirect subsidiary of Macquarie Group Limited ("MGL"), the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL. The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG.

Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings, which also incur a variable rate of interest.

Foreign exchange risk

The Company has no significant foreign exchange risk.

Section 172 (1) Statement

During the reporting period the directors of the Company have acted in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, in doing so, they have regard to the matters set out in s172(1)(a-f) of the Companies Act 2006) in their decision making.

Our Section 172 statement focusses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

From the perspective of the Directors, the matters that the Board is responsible for considering under Section 172 of the Companies Act 2006 have been considered appropriately. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Directors' report on pages 5 to 9.

Capital Meters Holdings Limited

Strategic Report (continued) for the financial year ended 31 March 2021

Other matters

Due to the nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board,



Neil Denley
Director

29 November 2021

Capital Meters Holdings Limited

Company Number 04800336

Directors' Report

for the financial year ended 31 March 2021

In accordance with a resolution of the Directors of the Company, the Directors submit herewith the audited financial statements of the Company and report as follows:

Directors and Secretaries

The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

N Denley

J Liddy (Resigned 26 November 2021)

S Mackie

The Secretary who held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, was:

H Everitt

Results

The profit for the financial year ended 31 March 2021 was £5,207,000 (2020: £12,158,000).

Dividends

Interim dividends of £5,797,000 (2020: Interim £11,963,000) were paid during the current financial year. No other dividend has been proposed.

State of affairs

There were no significant changes in the state of affairs of the Company that occurred during the current financial year under review not otherwise disclosed in the Directors' report.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Events after the reporting date

On 9 July 2021, the Directors passed a resolution to enter into the group Master Loan Agreement (the "MLA").

On 27 September 2021, an interim dividend of £6,500,000 (£4.33 per ordinary share) in relation to the year ended 31 March 2022 was declared. On 27 September 2021, an interim dividend of £5,500,000 was declared by the subsidiary of the Company, Capital Meters Limited.

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2021 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

The Directors have considered the impact of COVID-19 and the UK's withdrawal from the European Union and have concluded that these are not expected to have a significant impact on the operations of the Company.

Directors' Report (continued)
for the financial year ended 31 March 2021

Likely developments, business strategies and prospects (continued)

IBOR reform: Transition from inter-bank offered rates ("IBOR") to alternative reference rates ("ARRs")

IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate) and 'EURIBOR' (the Euro Inter-bank Offered Rate). Historically, each IBOR has been calculated and published daily based on submissions by a panel of banks. Over time, changes in interbank funding markets have meant that IBOR panel bank submissions have become based less on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

Due to a lack of observable transactions to support robust LIBOR reference rates, LIBOR publication for the majority of currencies is expected to cease in the next financial year by 31 December 2021.

As at 31 March 2021, the Company did not have any material exposures to the impacted IBOR benchmarks and is not materially impacted by the transition to ARRs.

The Directors believe that no other significant changes are expected other than those already disclosed in this report and the Strategic Report.

Financial risk management

The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk, operational risk and foreign exchange risk are contained within the Strategic Report.

Indemnification and insurance of Directors

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report (continued)
for the financial year ended 31 March 2021

Statement of Directors' responsibilities in respect of the financial statements
(continued)

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Section 172 (1) Statement

The following sets out the requirements of section 172 (1) and notes how the Directors have discharged their duties. In doing so they have had regard to matters including those in respect of the Company's stakeholders, who are principally group shareholders, employees, internal and external customers.

a) Likely consequences of any decision in the long term

The Company's ultimate parent is Macquarie Group Limited ("MGL"). The Company operates to the ethical and business standards set by MGL and the Macquarie Group. Any decision taken is aligned to the strategy of the Company and the wider Macquarie Group and made in accordance with Macquarie's Code of Conduct (the "Code"). The Code is based on the three principles that guide the way Macquarie Group does business – Opportunity, Accountability and Integrity. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with the Macquarie Group's risk management framework, which is embedded across the Macquarie Group's operations. The Macquarie Group's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes and iii) independent sign off by the Risk Management Group.

To facilitate good decision making, Directors meet as required with documentation circulated in advance. Where relevant this may include diligence on financial impacts, as well as non-financial factors to allow them to fully understand the performance and position of the Company, along with the matters that are to be discussed.

The principal activity of the Company during the year was to act as a holding company for other Macquarie Group entities. Key decisions which the Board met to consider during the year were:

- the approval of the interim and statutory financial statements of the Company and
- the approval of the payment of dividends to the Company's sole Shareholder.

(b) Interests of the Company's workforce

The Company itself does not have any direct employees but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements.

(c) Business relationships with suppliers, customers and others

The Board is cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement.

Suppliers - Macquarie Group is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by our business principles. Macquarie Group has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide the Macquarie Group with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long-term and sustainable value for our clients, shareholders and community.

Directors' Report (continued)
for the financial year ended 31 March 2021

Section 172 (1) Statement (continued)

(c) Business relationships with suppliers, customers and others (continued)

Customers - As a holding company for other Macquarie Group entities, the Company does not have direct relationships with external customers. However, the Board recognises that working with customers of its subsidiary to ensure it understands their issues is crucial to the success of the Company.

Regulators - the Board recognises the importance of having good relationships with the regulators and with UK Government bodies such as BEIS and OFGEM. This relationship is driven by the Directors across all the Macquarie meter asset provision business entities to ensure a collective approach is taken. The business has regular meetings with these bodies as well as being a founding member of CMAP (Community of Meter Asset Providers), an industry body set up to provide a single voice for Metre Asset Providers.

(d) Community and the environment

The Board recognises the importance of sound Environmental, Social and Governance ("ESG") practices as part of its responsibility to our clients, shareholders, communities, people and the environment in which the Macquarie Group operates. As a subsidiary of the Macquarie Group, the Company has committed to the Group's ESG approach, which is structured around focus areas considered to be material to the Group's business. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Company is subject.

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. The Macquarie Group regularly engage with a broad range of stakeholders including clients, shareholders, investors, analysts, governments, regulators, the workforce, suppliers and the wider community.

Macquarie Group recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties.

In May 2021, Macquarie Group announced a net zero commitment as part of its wider efforts to tackle climate change and help drive action at a global level. This statement signals the intent to steer our portfolio over time and in line with a managed transition to global net zero by 2050. Macquarie is already regarded as a global leader in advancing practical climate solutions and this announcement is an opportunity to positively build on that, demonstrating close alignment with our purpose – empowering people to innovate and invest for a better future.

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which is the philanthropic arm of Macquarie. The Foundation encourages Macquarie's employees to give back to the communities in which they live and work by contributing service, financial support and leadership to the community organisations they feel passionately about.

(e) Reputation for high standards

The reputations of the Company and its Directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code.

Directors' Report (continued)
for the financial year ended 31 March 2021

Section 172 (1) Statement (continued)

(f) Need to act fairly as between members of the Company

The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and in addition to promoting the success of the Company as a whole, the duties of the Directors of the Company are exercised in a way that is most likely to promote the success of the Company for the Macquarie Group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

Directors' confirmations

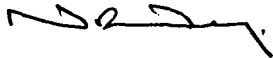
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board,



Neil Denley
Director
29 November 2021

Capital Meters Holdings Limited

Financial Statements

Profit and loss account for the financial year ended 31 March 2021

	Notes	2021 £000	2020 £000
Income from Shares in Group Undertakings	4	4,958	11,963
Profit before interest and taxation		4,958	11,963
Interest receivable and similar income	4	318	240
Interest payable and similar expenses	4	(11)	-
Net impairment gains/(losses) on financial assets	4	-	1
Profit before taxation	5	5,265	12,204
Tax on profit	5	(58)	(46)
Profit for the financial year		5,207	12,158

The above profit and loss account should be read in conjunction with the accompanying notes on pages 13 to 21, which form an integral part of the financial statements.

Profit before taxation relates wholly to continuing operations.

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

Capital Meters Holdings Limited

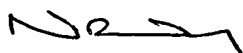
Company Number 04800336

Balance sheet as at 31 March 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Investments in subsidiaries	6	1,501	1,501
Current assets			
Debtors	7	1,384	1,969
Current liabilities			
Creditors: amounts falling due within one year	8	(105)	(100)
Net current assets		1,279	1,869
Total assets less current liabilities		2,780	3,370
Net assets		2,780	3,370
Shareholders' funds			
Called up share capital	9	1,501	1,501
Profit and loss account	10	1,279	1,869
Total shareholders' funds		2,780	3,370

The above balance sheet should be read in conjunction with the accompanying notes on pages 13 to 21, which form an integral part of the financial statements.

These financial statements on pages 10 to 21 were authorised for issue by the Board of Directors on 29 November 2021 and were signed on its behalf by:



Neil Denley
Director

29-11-21.

Capital Meters Holdings Limited

Statement of changes in equity for the financial year ended 31 March 2021

	Notes	Called up share capital £000	Profit and loss account ⁽¹⁾ £000	Total shareholders' funds £000
Balance as at 1 April 2019	10	1,501	1,674	3,175
Profit for the financial year		-	12,158	12,158
Total comprehensive income		-	12,158	12,158
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	11	-	(11,963)	(11,963)
Balance as at 31 March 2020	10	1,501	1,869	3,370
Profit for the financial year		-	5,207	5,207
Total comprehensive income		-	5,207	5,207
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	11	-	(5,797)	(5,797)
Balance as at 31 March 2021	10	1,501	1,279	2,780

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 13 to 21, which form an integral part of the financial statements.

⁽¹⁾The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

Capital Meters Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2021

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom. The Company's principal place of business is Suites 3-4 Warners Mill, Silks Way, Braintree CM7 3GB, United Kingdom.

The principal activity of the Company during the financial year ended 31 March 2021 was to act as a holding company.

Note 2. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101") and have been prepared in accordance with the provisions of the Companies Act 2006.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent MGL, a company incorporated in Australia.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

i) Going concern

As at 31 March 2021, the Company had net assets of £2,780,000 (2020: £3,370,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

ii) Basis of measurement

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention.

iii) Disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS").

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS1 (reconciliation of shares outstanding).
 - paragraph 73(e) of IAS16 'Property, Plant and Equipment'.
- The requirements of paragraphs 10(d), 16, 38B to 38D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note. 2 Basis of preparation (continued)

iv) Critical accounting estimates and significant judgements

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss ("ECL") including the determination of significant increase in credit risk ("SICR"), forecasts of economic conditions and the weightings assigned thereto (Note 3(vii));
- timing and amount of impairment of investment in subsidiaries, including reversal of impairment (Note 6).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes the estimates used in preparing this financial report are reasonable. Actual results in the future may differ from those reported and it is therefore reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from management's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

v) New Accounting Standards and amendments to Accounting Standards that are either effective in the current financial year or have been early adopted

The amendments to existing accounting standards that are effective for the annual reporting period beginning on 1 April 2020 did not result in a material impact to the Company's financial statements.

Note. 3 Significant accounting policies

i) Foreign currency translation

Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the Company operates. The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

ii) Revenue and expense recognition

Net interest income/expense

Interest income and interest expense are recognised using the effective interest rate ("EIR") method for financial assets and financial liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Dividends

Interim dividends from UK companies are recognised when the dividend proceeds are received by the Company. Final dividends from investments in UK companies are recognised when the Company becomes entitled to the dividend. Dividends are recognised when the right to receive a dividend is established, it is probable the economic benefits associated with the dividend will flow to the Company and the dividend can be measured reliably.

The interim dividend is recognised when paid, and the final dividend is recognised when approved by the shareholders.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note. 3 Significant accounting policies (continued)

iii) Taxation

The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in other comprehensive income ("OCI") are also recognised in OCI.

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or

iv) Loans to group undertakings

Loans to group undertakings includes loan assets held at amortised cost and amounts due from related entities, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

v) Investments

Investments in subsidiaries

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure, or rights, to significant variable returns and the ability to utilise power to affect the Company's own returns.

The determination of control is based on current facts and circumstances and is continuously assessed. The Company has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

All variable returns are considered in making that assessment including, but not limited to, returns from debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with *IAS 27 Separate Financial Statements*.

Investments include loans to group undertakings.

vi) Due to/from related entities

Transactions between the Company and its related entities principally arise from the provision of lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees, and are accounted for in accordance with Note 3(ii) *Revenue and expense recognition* and Note 3(iv) *Loans to group undertakings*. Financial assets and financial liabilities are presented net where offsetting requirements are met, such that the net amount is reported in the balance sheet.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note. 3 Significant accounting policies (continued)

vii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI"), lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts issued that are not designated as fair value through profit or loss ("DFVTPL"). The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macroeconomic information ("FLI").

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk ("SICR") since initial recognition, ECL is determined based on the probability of default ("PD") over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

(ii) Stage II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for FLI. The Company exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

(iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as Stage III where they are determined to be credit impaired, which generally matches definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively for portfolios of exposure, ECL is measured as the product of the lifetime PD, the loss given default ("LGD") and the exposure for default ("EAD"), adjusted for FLI.

Presentation of loss allowances

The ECL allowances are presented in the balance sheet as follows:

- loan assets, loans and advances to other Macquarie Group entities, loans to associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount
- loan assets, loan to associates and joint ventures, and debt financial investments measured at FVOCI – as a reduction in FVOCI reserve within equity. The carrying amount of the asset is not adjusted as it is recognised at fair value
- lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount
- undrawn credit commitments and financial guarantees (not measured at fair value through profit or loss ("FVTPL") – as a provision included in other liabilities.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note. 3 Significant accounting policies (continued)

vii) Impairment (continued)

Impairment of investments in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in other impairment charges/reversal, for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value in use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

viii) Called up share capital

Ordinary shares and other similar instruments are classified as equity.

iv) Rounding of amounts

All amounts in the Strategic Report, Directors' Report and Financial Statements have been rounded off to the nearest thousand pound sterling (£000) unless otherwise indicated.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note 4. Profit before taxation

Profit before taxation is stated after (charging)/crediting:

	2021 £000	2020 £000
Turnover by category:		
Dividend income	4,958	11,963
Total turnover	4,958	11,963

Interest

Interest receivable and similar income from:

Other Macquarie Group undertakings	318	240
Total interest receivable and similar income	318	240

Interest payable and similar expenses to:

Other Macquarie Group undertakings	(11)	-
Total interest payable and similar expenses	(11)	-

Other operating (expense)/income:

Credit impairment (charges)/reversals

- Debtors	(0)	1
Total other operating (expense)/income	(0)	1

The Company had no employees during the current and previous financial year.

The Audit fee has been borne by another group undertaking without specific recharge.

Note 5. Tax on profit

i) Tax expense included in profit

	2021 £000	2020 £000
Current tax		
UK corporation tax at 19% (2020: 19%)	58	46
Total current tax	58	46
Tax on profit	58	46

ii) Reconciliation of effective tax rate

The income tax expense for the period is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	5,265	12,204
Current tax charge at 19% (2020: 19%)	1,000	2,319
Effect of:		
Non-assessable income	(942)	(2,273)
Total tax on profit	58	46

The UK Government announced in the Budget on 3 March 2021, that the main rate of corporation tax will increase to 25% for the financial year beginning 1 April 2023. Prior to this date, the rate of corporation tax will remain at 19%. The increase to 25% rate was not substantively enacted 31 March 2021.

There is no provided or unprovided deferred tax.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note 6. Investments in subsidiaries

	Shares in Group Undertakings	Loan to Group Undertakings	Total
	£000	£000	£000
Cost and Carrying Value			
At 31 March 2020	50	1,451	1,501
At 31 March 2021	50	1,451	1,501

The Company owns 100% of the share capital of Capital Meters Limited ("CML") being 50,000 ordinary shares of £1 each. The principal activity of CML is the provision and management of gas and electricity meters to energy suppliers. It is incorporated in England and Wales and has a 31 March reporting date. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom. The Directors believe that the carrying value of the investments is supported by CML's underlying net assets.

Loans to group undertakings comprise of subordinated unsecured variable rate perpetual loan notes. Subject to certain conditions the loan notes will bear interest of up to 16.5% per annum. As at 31 March 2021, £nil (2020: £nil) interest was accrued.

Following the repayment of an external bank loan in its subsidiary, a fixed charge over the shares held by the Company was released.

Note 7. Debtors

	2021 £000	2020 £000
Amounts owed by other Macquarie Group undertakings ⁽¹⁾	1,384	1,969
Total debtors	1,384	1,969

⁽¹⁾Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2021 the rate applied ranged between LIBOR plus 0.695% and LIBOR plus 1.509% (2020: between LIBOR plus 0.850% and LIBOR plus 1.570%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £1k (2020: £2k) which is net presented against the gross carrying amount.

Note 8. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Taxation	58	46
Amounts owed to Macquarie Group undertakings ⁽¹⁾	47	54
Total creditors: amounts falling due within one year	105	100

⁽¹⁾Amount due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2021 the rate applied was LIBOR plus 1.065% (2020: LIBOR plus 1.480%).

Note 9. Called up share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Called up share capital				
Opening balance of fully paid ordinary shares at £1 per share	1,501,010	1,501,010	1,501	1,501
Closing balance of fully paid ordinary shares at £1 per share	1,501,010	1,501,010	1,501	1,501

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note 10. Profit and loss account

	2021	2020
	£000	£000
Profit and loss account		
Balance at the beginning of the financial year	1,869	1,674
Profit for the financial year	5,207	12,158
Dividends paid on ordinary share capital (Note 11)	(5,797)	(11,963)
Balance at the end of the financial year	1,279	1,869

Note 11. Dividends paid

	2021	2020
	£000	£000
Dividends paid		
Dividends paid (£3.86 per share (2020: £7.97 per share))	5,797	11,963
Total dividends paid	5,797	11,963

Note 12. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to:

- ensure sufficient capital resource to support the Company's business and operational requirements;
- safeguard the Company's ability to continue as a going concern.

Periodic reviews of the Company's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital plus reserves.

The Company operates within the framework of the Macquarie Group policy to upstream profits in the form of dividends to MGL. The dividend capacity of the Company is assessed semi-annually. The dividend is set by the Directors after considering the required level of capital to meet current and expected business activities.

As part of the consolidated MBL group, the capital requirements also form part of the disclosures provided within the consolidated financial statements of MBL and MGL, which are available from the address given in Note 16 and are unaudited.

Note 13. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which are 100% controlled by the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 16.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Note 14. Directors' remuneration

During the financial years ended 31 March 2021 and 31 March 2020, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform Directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful.

Note 15. Contingent liabilities and commitments

The Company has no contingent liabilities or commitments which are individually material or a category of contingent liabilities or commitments which are material.

Capital Meters Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2021

Note 16. Ultimate parent undertaking

At 31 March 2021, the immediate parent undertaking of the Company is Macquarie Leasing (UK) Limited.

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Bank Limited ("MBL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MBL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000 Australia.

Note 17. Events after the reporting date

On 9 July 2021, the Directors passed a resolution to enter into the group Master Loan Agreement (the "MLA").

On 27 September 2021, an interim dividend of £6,500,000 (£4.33 per ordinary share) in relation to the year ended 31 March 2022 was declared. On 27 September 2021, an interim dividend of £5,500,000 was declared by the subsidiary of the Company, Capital Meters Limited.

There were no material events subsequent to 31 March 2021 and up until the authorisation of the financial statements for issue that have not been reflected in the financial statements.

Independent auditors' report to the members of Capital Meters Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Capital Meters Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the profit and loss account and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misstatement of financial information via inappropriate journal entries and/or management bias in key accounting estimates. Audit procedures performed by the engagement team included:

- audit of taxation related balances and disclosures including review of any correspondence with HM Revenue & Customs;
- review of meeting minutes from the period and up to the date of approval of the financial statements;
- enquiries with management in regards to any litigation and claims, and a review of legal expenses to identify any such undisclosed issues;
- testing of journals to supporting documentation to identify any inappropriate adjustments; and
- testing the appropriateness of the key estimates made by management to identify any deliberate misstatements in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andy Grimbly (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cambridge

1 December 2021